

DCI/IC-78-3705
17 January 1978

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MEMORANDUM FOR: Mr. James O. Bush
Permanent House Select Committee
on Intelligence

FROM: [REDACTED]

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Acting Deputy to the DCI for the
Intelligence Community

SUBJECT: Overview/National Foreign
Counterintelligence

The attached discussion of the United States National Foreign Counterintelligence effort is intended to provide a framework for the FBI and DoD presentations to the Program and Budget Authorization Subcommittee on 19 January 1978, and CIA's presentation on 20 January. I hope the Committee members will find it an informative overview of the national aspects of our counterintelligence program.

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Att: Paper on U.S. National
Foreign CI Program
(DCI/IC-78-3706)

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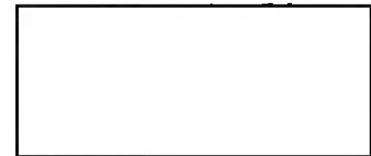
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FOREIGN COUNTERINTELLIGENCE OVERVIEW

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1. The national foreign counterintelligence (FCI) effort is conducted by five agencies under three programs, i.e., CIA/FCIP, FBI/FCIP and DoD/FCIP. The DoD program is conducted by three military service CI agencies, i.e., United States Army Intelligence and Security Command, Naval Investigative Service and Air Force Office of Special Investigations. The five agencies cooperate in what is essentially a collegial system.

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2. An important step toward improving management of the national FCI effort was accomplished in 1977 by including all of these agencies' FY 1979 FCI programs in the NFIP for the first time. Prior to that only the FBI's FCI program was clearly identifiable. Establishment of a national FCI policymaking committee is included in the draft Executive Order (E.O.) prepared as a replacement for E.O. 11905. All FCI agencies seek to detect and neutralize hostile intelligence services, and a national FCI committee can provide authoritative guidance to the DCI in exercising his NFIP resource allocation and program evaluation authorities for FCI programs.

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3. The national FCI effort must cope with a hostile intelligence service threat greatly increased in size and in sophistication of capabilities. The hostile threat within the United States is characterized by wider geographic access, by use of sophisticated technical collection equipment, and by an operational climate influenced by detente which assists Communist Bloc intelligence efforts.

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a. Within the United States the number of Communist Bloc officials alone has increased 50% during the past four years so

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that there are now about Sino-Soviet Bloc officials assigned to the New York, Washington, D.C., Chicago and San Francisco areas alone, about of whom are known or suspect intelligence officers.

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It is likely that the actual long-term intelligence presence is greater than these figures indicate. FBI experience has shown that there is a relationship between the number of Communist Bloc officials stationed in the United States and the extent of hostile intelligence activity.

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b. In addition to this increase in the long-term official Bloc presence, the number of Bloc visitors, including those participating in commercial and cultural exchanges, has more than doubled since 1972. During the first 11 months of 1977, for example, 5,180 Soviets visited the United States under the East-West Exchange Program, formally titled, "Contacts, Exchanges and Cooperation in

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Scientific, Technical, Educational, Cultural and Other Fields," up from a total of 2,080 in 1974. Known or suspect intelligence officers in this group numbered in 1974 and during the 1977 period. A recent exemplification of the problem occurred at the Soviet National Exhibition in Los Angeles, California, November 12-29, 1977. Approximately 400 Soviet nationals came there then, over 300 directly from the Soviet Union and close to 100 from the various Soviet establishments in the United States. Of these 400, were known or suspect Soviet intelligence officers.

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c. Another aspect of the increasing threat is evidenced in the visit during the first nine months of 1977 of 316 Soviet vessels, with a total crew complement of 15,034, to the 40 open United States ports.

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4. The threat involves carefully orchestrated and related efforts by Bloc intelligence officers operating against the United States in third countries. There are more such officers abroad than ever and their American targets tend to be more relaxed and susceptible to recruitment. While hostile intelligence services continue their long-standing efforts to penetrate the United States Government and its armed forces, these services are also directing their operations towards bridging the technological and industrial gap between the United States

and the Communist Bloc nations. They aim to recruit our scientific personnel, steal our research and development technology, and develop information on the economic policies of the United States. To help accomplish this, the Soviet Union maintains diplomatic relations with over 110 countries. In each of these countries intelligence officers (KGB and GRU) are assigned to the embassy and trade representation, as well as to non-diplomatic installations such as airline and shipping offices. Using validated criteria for identification of Soviet intelligence personnel, CIA has identified approximately [redacted]

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Soviet officials who are serving abroad as either known or suspect intelligence officers, but believes that the actual number may be

approximately [redacted]

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5. [redacted] To counter this integrated worldwide threat, there are cooperatively constructed strategies and priorities. The FBI and CIA have primary FCI responsibilities at home and abroad, respectively. The military CI agencies coordinate with the FBI or CIA depending on the locale; and while responsible only for their own service security protection, they help the national FBI and CIA efforts appreciably.

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6. [redacted] The foundation of the national FCI effort, however, is the FBI's FCI program. The high proportion of the total FCI resources allocated to it reflects the fact that the major hostile threat is within the United States, and that its FCI responsibility is comprehensive detection, identification, penetration and neutralization

(including prosecution when appropriate) of hostile intelligence service and international terrorist personnel and efforts. Because the resources of this program are smaller than those of the hostile services arrayed against it, the FBI has developed a number of techniques to ensure more effective "stretching" of its resources.



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- 25X1 8. Supporting both the FBI and CIA national FCI program is the DoD FCI program which primarily responds, however, to departmental and military service FCI needs. Each of the three military service CI

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agencies now exercises central direction and control over its respective CIA activities worldwide. It is through offensive CI/CE operations, principally, using double-agent operations, that the DoD/CI program is a major supporter of the FBI and CIA national FCI effort.